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**LOUISIANA CRISIS ASSISTANCE CENTER**

**FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT**

**DECEMBER 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 17 2012**

## **LOUISIANA CRISIS ASSISTANCE CENTER**

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# Justin J. Scanlan, C.P.A., LLC

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Louisiana Crisis Assistance Center

We have audited the accompanying statement of financial position of the Louisiana Crisis Assistance Center (a non-profit corporation), as of December 31, 2011, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2010 financial statements and, in our report dated May 9, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Crisis Assistance Center as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2012, on our consideration of the Louisiana Crisis Assistance Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Justin J. Scanlan, CPA, LLC*

New Orleans, Louisiana  
June 12, 2012

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2011**

**ASSETS**

**TOTAL  
MEMORANDUM  
ONLY  
DECEMBER 31, 2010**

Cash	\$ 553,575	\$ 481,835
Investments (Notes A5 and B)	607,167	607,326
Receivables (Note A4)		
Grant	-	98,691
Other	-	13,138
	<u>-</u>	<u>111,829</u>
Land, property, and equipment-at cost (Notes A6 and C)	391,082	412,699
Deposits	<u>5,850</u>	<u>5,850</u>
Total assets	<u><b>\$ 1,557,674</b></u>	<u><b>\$ 1,619,539</b></u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued liabilities	\$ 40,587	\$ 21,772
Pension contribution payable	<u>46,828</u>	<u>28,432</u>
Total liabilities	<u><b>87,415</b></u>	<u><b>50,204</b></u>
Net assets		
Unrestricted	1,319,039	1,397,295
Temporarily restricted (Note D)	<u>151,220</u>	<u>172,040</u>
Total net assets	<u><b>1,470,259</b></u>	<u><b>1,569,335</b></u>
Total liabilities and net assets	<u><b>\$ 1,557,674</b></u>	<u><b>\$ 1,619,539</b></u>

The accompanying notes are an integral part of this financial statement.

# LOUISIANA CRISIS ASSISTANCE CENTER

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2011

	TOTAL MEMORANDUM ONLY FOR THE YEAR ENDED DECEMBER 31, 2010		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>REVENUE</b>			
Grants and fees	\$ -	\$ 1,300,835	\$ 1,300,835
Contributions	36,354	-	36,354
Interest income	141	-	141
Other	110,400	-	110,400
Net assets released from restrictions	1,321,655	< 1,321,655 >	-
Total revenues	1,468,550	< 20,820 >	1,447,730
<b>EXPENSES</b>			
Salaries	975,847	-	975,847
Fringe benefits	203,932	-	203,932
Travel	31,338	-	31,338
Litigation expense	43,356	-	43,356
Occupancy expense	138,406	-	138,406
Office expense	59,228	-	59,228
Postage	4,312	-	4,312
Professional fees	17,703	-	17,703
Training	1,389	-	1,389
Vehicle expense	37,572	-	37,572
Depreciation	21,617	-	21,617
Other	12,106	-	12,106
Total expenses	1,546,806	-	1,546,806
Increase in net assets	< 78,256 >	< 20,820 >	< 99,076 >
Net assets, beginning of year	1,397,295	172,040	1,569,335
Net assets, end of year	1,319,039	151,220	1,470,259
			1,569,335

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CRISIS ASSISTANCE CENTER**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2011**

Increase <decrease> in cash and cash equivalents

**Cash flows from operating activities:**

Decrease in net assets \$ < 99,076>

Adjustments to reconcile decrease in net assets to net  
assets provided by operating activities:

Depreciation \$ 21,617

**Changes in assets and liabilities:**

Decrease in grant receivable 98,691

Decrease in other receivables 13,138

Increase in accounts payable and accrued liabilities 18,815

Increase in pension contribution payable 18,396

170,657

Net cash provided by operating activities

71,581

**Cash flows from investing activities:**

Proceeds from sale of investments 300

Purchase of investments < 141>

Net cash provided by investing activities

159

Net increase in cash and cash equivalents

71,740

Cash and cash equivalents, beginning of year

481,835

Cash and cash equivalents, end of year

\$ 553,575

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CRISIS ASSISTANCE CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

The Louisiana Crisis Assistance Center is a nonprofit organization committed to provide quality legal representation of indigent people facing the death penalty in Louisiana.

**2. Financial Statement Presentation**

The financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that the organization maintains them permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets.

**3. Revenue Recognition**

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**4. Receivables**

The corporation considers accounts receivable to be fully collectible since the balance consists primarily of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**5. Investments**

Under FASB ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains or losses are included in the change in net assets.

**6. Property, Building and Equipment**

The Louisiana Crisis Assistance Center records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2011 totaled \$21,617.

It is the policy of the corporation to capitalize all property, furniture and equipment with an acquisition cost in excess of \$5,000.

**7. Cash equivalents**

For purposes of the statement of cash flows, the corporation considers all demand deposit accounts and investments with original maturities of three months or less to be cash equivalents.

**8. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**9. Fair Values of Financial Instruments**

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.



**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**10. Functional Allocation of Expenses**

The expenses of providing the program and other activities have been summarized on a functional basis in Note G. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

**11. Subsequent Events**

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued (June 12, 2012).

**12. Total Columns – Memorandum Only - Overview**

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B – INVESTMENTS**

Investments, cost and approximate market value at December 31, 2011, consist of the following:

	<u>Fair Market Value</u>	<u>Cost</u>
Money market fund	<u>\$ 607,167</u>	<u>\$ 607,167</u>

**NOTE C – LAND, PROPERTY, AND EQUIPMENT**

Land, property and equipment at December 31, 2011 consist of the following:

Building	\$ 95,426
Building improvements	346,562
Equipment	49,260
Transportation equipment	<u>17,924</u>
	509,172
Less accumulated depreciation	<u>&lt; 170,090 &gt;</u>
	331,082
Land	<u>60,000</u>
	<u>\$ 391,082</u>

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2011**

**NOTE D – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2011 consist of the following:

State of Louisiana – Public Defender Board	\$ 122,740
Reprieve	<u>28,480</u>
	<u>\$ 151,220</u>

**NOTE E – INCOME TAXES**

The Louisiana Crisis Assistance Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE F - BOARD OF DIRECTORS COMPENSATION**

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2011.

**NOTE G – FUNCTIONAL EXPENSES**

The functional expenses for the year ended December 31, 2011 consist of the following:

Program services	
Indigent defense services	\$ 1,352,245
Supportive services	
Management and general	<u>194,561</u>
Total expenses	<u>\$ 1,546,806</u>

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2011

**NOTE H – FAIR VALUE MEASUREMENT**

FASB ASC 820-10, Fair Value Measurement, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope are included in the table below.

<u>Fair Value Measurement of Reporting Date</u>				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 607,167	\$ 607,167	\$ -	\$ -

The assumptions to estimate fair values are as follows:

The fair market value of marketable securities are based on quoted market prices for those or similar investments.

The fair value of cash and cash equivalents, accounts payable and accrued liabilities are carried at amounts that approximate book value at December 31, 2011 due to the short-term nature of these accounts.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2011**

**NOTE I - RETIREMENT PLAN**

The Corporation sponsors a defined contribution pension plan covering all employees. The corporation decides the amount, if any, to contribute each year based on a percentage of annual compensation. The percentage for the year ended December 31, 2011 was 5%, the same as the prior year, or \$46,828.

**NOTE J - CONCENTRATION OF CREDIT RISK**

As of December 31, 2011, the corporation's cash balances consist of the following:

Cash balance, per bank statements	\$ 1,177,498
Less: FDIC insurance	< 570,331 >
SPIC insurance	<u>&lt; 500,000 &gt;</u>
Unsecured balances	<u>\$ 107,167</u>

The Louisiana Crisis Assistance Center invests in money market funds. Investments are subject to various risks; such as interest rate, credit and overall market volatility risk.

**NOTE K- ECONOMIC DEPENDENCY**

The Louisiana Crisis Assistance Center received the majority of its revenue from funds provided by the State of Louisiana Public Defender Board. The contract amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation's support through state contracts totaled 82% for the year ended December 31, 2011.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Louisiana Crisis Assistance Center

We have audited the financial statements of the Louisiana Crisis Assistance Center (non-profit corporation), as of and for the year December 31, 2011, and have issued our report thereon dated June 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of Louisiana Crisis Assistance Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Louisiana Crisis Assistance Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Crisis Assistance Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detect and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. The significant deficiency is listed as item 2011-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana Crisis Assistance Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Board of Directors, the Louisiana Legislative Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

New Orleans, Louisiana  
June 12, 2012

*Justin J. Sautter, CPA, LLC*

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**For the year ended December 31, 2011**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**SIGNIFICANT DEFICIENCIES**

**2011-1. Segregation of Duties**

**Condition:** The office manager is responsible for all accounting functions. In addition, the office manager is an authorized signer on its cash accounts.

**Criteria:** The accounting functions should be performed by a few individuals to assure a proper segregation of duties. Also, the office manager should not be an authorized signer.

**Effect:** The organization is unable to assure that its assets are properly safeguarded.

**Questioned Costs:** Not applicable.

**Recommendation:** The Board of Directors should be involved in the accounting function by the review of monthly financial statements. Dual signatures should be implemented for cash disbursements over \$5,000, and the authorized signers should not be involved in the daily accounting functions.

**Response:** See Correction Action Plan.

**B. COMPLIANCE AND OTHER MATTERS**

There were no compliance and other matters noted for the year ended December 31, 2011

**C. QUESTIONED COSTS**

There were no questioned costs for the year ended December 31, 2011.

**D. STATUS OF PRIOR YEAR AUDIT FINDINGS**

	<u>Significant Deficiencies</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Audit Findings</u>
2010-1. Segregation of Duties			X	2011-1
2010-2. Accounting System		X		
2010-3. Employee Dishonesty Insurance		X		

# **Louisiana Capital Assistance Center**

*A Non-Profit Law Office*

## **CORRECTION ACTION PLAN**

### **2011-1-Segregation of Duties**

Implementation of prior year audit finding 2010-1 was significantly delayed due to ongoing office case work.

What is now audit finding 2011-1 will be addressed as follows:

The LCAC will provide monthly financial statements to the members of the Board of Directors for their review.

The Board of Directors will be asked to pass a resolution providing for:

- the Office Manager, Kim Watts, to be removed as an authorized signer on cash accounts;
- a single signer for cash accounts be authorized for disbursements no greater than \$5,000;
- a requirement for dual signatures for cash disbursements over \$5,000.

The Board of Directors will be asked to confirm the Executive Director as an authorized signer on cash accounts and to provide for a second authorized signer, not involved in the daily accounting functions.